

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

Petition for Declaratory Ruling of Sorenson)
Communications, Inc. and CaptionCall, LLC to) CG Docket Nos. 03-123 & 13-24
Ensure Competition in Internet Protocol Captioned)
Telephone Service)
)
)

**COMMENTS OF ULTRATEC, INC. AND CAPTEL, INC.
ON PETITION FILED BY SORENSON
COMMUNICATIONS, INC. AND CAPTIONCALL, LLC
REGRDING LICENSING OF INTERNET PROTOCOL
CAPTIONED TELEPHONE SERVICE**

Kristin Graham Noel
Anthony A. Tomaselli
Quarles & Brady LLP
33 East Main Street
Suite 900
Madison, WI 53703
(608) 251-5000

Counsel to Ultratec, Inc. and CapTel, Inc.

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	ii
I. INTRODUCTION.....	1
II. BACKGROUND	2
A. Ultratec Developed Captioned Telephone Service and Continues to be a Leading IP CTS Innovator.....	2
B. The Commission Determined That IP CTS is a Compensable Form of TRS	4
C. Ultratec Consistently Has Licensed its Proprietary IP CTS Technology in Accordance With the Condition in the <i>Declaratory Ruling</i>	6
D. Sorenson’s IP CTS Offering Was Adjudicated to Infringe Ultratec’s IP CTS Patents	8
III. THE COMMISSION SHOULD NOT INTERVENE IN A PRIVATE PATENT DISPUTE TO INSULATE SORENSON FROM THE CONSEQUENCES OF ITS PATENT INFRINGEMENT	11
A. Sorenson Chose Not to Independently Develop a Non-Infringing IP CTS Offering	12
B. Sorenson Chose Not To Seek To License Ultratec’s Patents	15
C. If Granted, Ultratec’s Requested Injunction Will Have No Adverse Impact on IP CTS Users or IP CTS Providers Other Than Sorenson.....	15
IV. THE COMMISSION SHOULD NOT RETROACTIVELY CHANGE THE SCOPE OF THE DECLARATORY RULING LICENSING CONDITION.....	16
A. The Licensing Condition in the <i>Declaratory Ruling</i> Means What it Says	17
B. It is a Substantial Overreach for Sorenson to Complain About the <i>Declaratory Ruling’s</i> Licensing Condition When Sorenson Never Requested a License From Ultratec.....	20
V. SORENSON PROVIDES NO JUSTIFICATION TO WARRANT THE ADOPTION BY THE COMMISSION OF A NEW, PROSPECTIVE IP CTS LICENSING REQUIREMENT	21
A. Sorenson Has Not Shown that Providers Need to Infringe Ultratec’s Patents to Provide IP CTS	22
B. Mandating Indiscriminate Access to Specific Patents Disincentives Innovation And Undercuts TRS Service Quality Competition.....	24
C. Prospectively Requiring Ultratec to License Its IP CTS Technology Is Inconsistent with Commission Precedent	27
D. The Commission Should Not Adopt a New IP CTS Licensing Requirement	30
VI. CONCLUSION	34

EXECUTIVE SUMMARY

Ultratec, Inc. (“Ultratec”), the creator of both PSTN-based captioned telephone and Internet Protocol captioned telephone service (“IP CTS”), requested the Federal Communications Commission (“Commission”) to provide compensation for IP CTS from the Telecommunication Relay Service Fund in 2006. In its *Declaratory Ruling* granting Ultratec’s request, the Commission defined IP CTS in a technology-neutral manner that does not require the use of any technology standard for the provision of IP CTS. Nevertheless, in light of Ultratec’s leading role in the development of IP CTS, the Commission conditioned the *Declaratory Ruling* on Ultratec’s ongoing compliance with its representation at the time that Ultratec would continue to license its proprietary IP CTS technology, the CapTel service, at reasonable rates. The Commission did not, however, mandate that Ultratec blindly license any and all providers.

Ultratec faithfully has complied with this licensing condition by licensing its IP CTS technology to two of the five currently certified IP CTS providers, as well as other companies that considered entering the IP CTS market, and entering into good faith licensing discussions with every requesting entity. Sorenson Communications, Inc. (“Sorenson”) did not request such a license. Instead, fully aware of the patents that Ultratec secured related to IP CTS, Sorenson launched an IP CTS offering that infringed Ultratec’s patents.

In response, to protect the many years and millions of dollars of research and development that Ultratec has expended on captioned telephone service and prevent an unfair competitive disadvantage to those IP CTS providers that have licensed Ultratec’s technology, Ultratec successfully brought a patent infringement suit against Sorenson, which recently resulted in a liability judgment against Sorenson of over \$44 million. Further, Ultratec is seeking

a limited injunction to prevent Sorenson from registering *new* IP CTS users for Sorenson's infringing service. To prevent any disruption to Sorenson's existing IP CTS users, Ultratec purposefully refrained from extending the injunction request to Sorenson's current users, and instead requested the federal court to impose reasonable royalties on Sorenson with respect to its continuing infringement.

Now that Sorenson has been adjudicated to infringe Ultratec's patents, Sorenson is seeking for the Commission to modify the licensing condition in the *Declaratory Ruling*, or in the alternative to impose a new and prospective licensing requirement on Ultratec, in an attempt to insulate Sorenson against the consequences of its prior business decisions. The Commission should not intervene in the private patent litigation between Ultratec and Sorenson by unilaterally mandating an expansion of the scope of Ultratec's prior, voluntary representation that Ultratec will continue to license its IP CTS technology.

In an apparent effort to cause the Commission to potentially upset the decision of the federal court or influence the current litigation between the parties, Sorenson requests the Commission to modify the licensing condition set forth in the *Declaratory Ruling* to add a new clause to the condition—a clause that is not present in either the *Declaratory Ruling* or Ultratec's representation to the Commission on which the *Declaratory Ruling* is based. Specifically, more than eight years after the Commission adopted the *Declaratory Ruling*, Sorenson requests that the Commission expand the licensing condition to require Ultratec to provide licenses to its proprietary technology indiscriminately to any every requesting entity, irrespective of their reputation or business practices. Prior to the adoption of the *Declaratory Ruling*, Ultratec only licensed its patents to specific providers that Ultratec knew from experience offered high-quality, consumer-centric service, and Ultratec only represented to the Commission that it would

continue to do so, which it has. It is a substantial overreach for Sorenson to now ask the Commission to retroactively expand the scope of the licensing condition when Sorenson neither participated in the *Declaratory Ruling* proceeding, nor sought a license from Ultratec prior to willfully infringing Ultratec's patents.

In the alternative, Sorenson seeks for the Commission to impose a new and prospective licensing requirement on Ultratec. However, Sorenson provides no credible justification for the Commission to take the extreme measure of abrogating the intellectual property rights granted to Ultratec by statute. The Commission purposefully defined IP CTS in a technology-neutral manner and expressly determined in the *Declaratory Ruling* that no provider requires access to any proprietary technology to offer IP CTS. Sorenson offers only bald and conclusory statements that the Commission was mistaken in this determination, and even these assertions are inconsistent with the position that Sorenson took in the patent litigation that IP CTS can be offered without infringing Ultratec's patents.

Moreover, adopting such a prospective licensing requirement would be directly contrary to the Commission's oft-stated goal of inducing TRS providers to compete through innovation and would undermine the basic bargain between the government and patent holders that is central to the constitutionally mandated U.S. patent system. TRS providers are unlikely to continue to invest in research and development to improve their TRS offerings if they are unable to obtain a benefit from these expenditures because the Commission requires them to indiscriminately share their innovations with their competitors. Similarly, providers such as Sorenson will have no incentive to invest in research and development if they can simply use Ultratec's methods.

Further, Commission precedent warrants against imposing a new licensing requirement. It has been the Commission's longstanding policy only to impose licensing requirements if (i) the Commission has adopted a specific, formal technology standard; (ii) access to proprietary technology is necessary to comply with this standard; and (iii) it has been demonstrated that the technology is not available pursuant to reasonable rates and terms. None of these three criteria are satisfied with respect to IP CTS.

Finally, even if the Commission was to consider Sorenson's request (which it should not for the reasons stated above), doing so would pose a variety of challenges that are significantly outside of the Commission's core expertise. This includes determining which Ultratec patents should be subject to a licensing requirement and which patents Ultratec should be able to license at its discretion for its competitive benefit, as well as what royalty rate and other licensing terms should be mandated.

For the foregoing reasons, the Commission should deny Sorenson's petition.

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I. INTRODUCTION

Ultratec, Inc. and CapTel, Inc. (collectively “Ultratec”), by their counsel, hereby submit these Comments in response to the petition (“Petition”) filed by Sorenson Communications, Inc. and CaptionCall, LLC (collectively “Sorenson”). The Petition seeks a declaratory ruling from the Federal Communications Commission (“FCC” or “Commission”) that Ultratec should be required to offer a license at reasonable rates to certain of its proprietary technologies to legitimate telecommunications relay service (“TRS”) providers seeking to offer Internet Protocol Captioned Telephone Service (“IP CTS”).¹

As set forth herein, Sorenson’s Petition merely is an effort to insulate itself against the consequences of Sorenson’s adjudicated history of infringing certain proprietary IP CTS

¹ Petition for Declaratory Ruling of Sorenson Communications, Inc. and CaptionCall, LLC to Ensure Competition in Internet Protocol Captioned Telephone Service, CG Docket Nos. 03-123 & 13-24 (filed Nov. 19, 2014) (“Petition”); *Request for Comment on Petition Filed by Sorenson Communications, Inc., and CaptionCall, LLC, Regarding Licensing of Internet Protocol Captioned Telephone Service Technology*, Public Notice, CG Docket Nos. 03-123 & 13-24, DA 14-1709 (CGB rel. Nov. 25, 2014).

technology patented by Ultratec. Sorenson offers no credible justification for the Commission to retroactively modify the limited licensing condition adopted by the Commission eight years ago when it determined that IP CTS is compensable from the TRS Fund. The licensing condition is consistent with Ultratec's voluntary representations, and Ultratec has complied with these representations. In addition, in light of the Commission's purposeful decision to adopt a technology-neutral definition of IP CTS, it would be contrary to the public interest for the Commission to prospectively adopt a new licensing requirement mandating that Ultratec indiscriminately license its technology. Doing so would create a fundamental disincentive to TRS innovation and is inconsistent with the objective of the U.S. patent system. Accordingly, Sorenson's Petition should be denied.

II. BACKGROUND

A. Ultratec Developed Captioned Telephone Service and Continues to be a Leading IP CTS Innovator

Ultratec is the leading innovator of both PSTN-based captioned telephone service and IP CTS. In addition to initially developing both services, it was responsible for putting "boots on the ground" to enlighten users, state governments, and ultimately the Commission about these new forms of TRS, thereby bringing deaf and hard of hearing users substantially closer to the functional equivalence promised by Section 225 of the Americans With Disability Act of 1990.² By partnering with established national telecommunications providers, Ultratec dramatically increased access by the deaf and hard of hearing community to telephone service that is more

² See 47 U.S.C. § 225(a)(3) ("The term 'telecommunications relay services' means telephone transmission services that provide the ability for an individual who is deaf, hard of hearing, deaf-blind, or who has a speech disability to engage in communication by wire or radio with one or more individuals, in a manner that is *functionally equivalent to the ability of a hearing individual who does not have a speech disability to communicate using voice communication services by wire or radio.*") (emphasis added).

similar to the service available to the hearing community. As a result, early users of Ultratec's technology (branded "CapTel" by Ultratec) enthusiastically praised how great an improvement it was over prior TRS options.³ IP CTS is the latest and most technologically advanced of the captioned telephone services developed by Ultratec.

Ultratec poured enormous resources over many years, including millions of dollars of research and development, into creating its patented CapTel technology and fostering the captioned telephone service market. Ultratec utilized a team of over 30 engineers, technicians, marketing experts, operations specialists, and business planners over the course of four years just to introduce the original captioned telephone service. And Ultratec continued to make substantial investments to improve and further develop the service, including by introducing the first two-line PSTN-based captioned telephone service and then its Internet Protocol equivalent, IP CTS.

As a result of its efforts, Ultratec and its principals have received numerous awards. For example, Rob Engelke, Chief Executive Officer of Ultratec and a named inventor of Ultratec's captioned telephone service patents, was granted an honorary doctorate from the University of Wisconsin "for creating extraordinary advances that have enabled deaf and hard of hearing people worldwide to communicate via telephone."⁴ In addition, the National Association of

³ See, e.g., Self Help for Hard of Hearing People, *et al.*, Petition for Rulemaking to Mandate Captioned Telephone Relay Service and Approve IP Captioned Telephone Relay Service, CG Docket No. 03-123, at 21 (filed Oct. 31, 2005) ("IP CTS Rulemaking Petition") ("The petitioners thank Ultratec for introducing products earmarked for people who use spoken language and residual hearing. By licensing this innovative telephone invention to other telephone companies, Ultratec has laid the groundwork for a competitive captioned telephone environment."); *id.* at 23 ("As the first relay service to truly approximate real-time captioning, captioned telephone offers the single most functionally equivalent means of providing individuals with mild-to-severe hearing loss with access to the telephone network.").

⁴ See University of Wisconsin Press Release (May 3, 2012), <http://www.news.wisc.edu/releases/17332> (last visited Dec. 27, 2014).

State Chief Information Officers (NASCIO) recognized CapTel as an “innovative technolog[y] that dramatically improve[d] the quality and efficiency for [users].”⁵ Further, Mr. Engelke and Kevin Colwell, Vice President of Engineering at Ultratec and another named inventor of some of Ultratec’s patents, have both been awarded the Andrew Saks Engineering Award by TDI (f/k/a Telecommunications for the Deaf and Hard of Hearing, Inc.) for outstanding contributions to improving accessibility to telecommunications and media in the United States.⁶

B. The Commission Determined That IP CTS is a Compensable Form of TRS

In January 2006, Ultratec filed with the Commission a request for the Commission to clarify that IP CTS “is a form of enhanced relay service eligible for reimbursement from the Interstate TRS Fund under Section 225 of the Communications Act.”⁷ A coalition of thirteen advocacy groups representing persons with hearing or speech disabilities supported Ultratec’s clarification request.⁸ In response to Ultratec’s request, the Commission in December 2006

⁵ See NASCIO Press Release dated Oct. 29, 2002, <http://www.nascio.org/awards/2002awards/> (last visited Dec. 27, 2014).

⁶ See TDI Awards – Past Recipients, [https://www.tdiforaccess.org/about_tdi.aspx?key=AboutTDI\(Awards-Past Recipients\)&select=AboutTDI](https://www.tdiforaccess.org/about_tdi.aspx?key=AboutTDI(Awards-Past%20Recipients)&select=AboutTDI) (last visited on Dec. 17, 2014) (Robert Engelke received the Andrew Saks Award in 1999 and Kevin Colwell received the award in 2009). For more information about the TDI Awards, see [https://www.tdiforaccess.org/about_tdi.aspx?key=AboutTDI\(Awards\)&select=AboutTDI](https://www.tdiforaccess.org/about_tdi.aspx?key=AboutTDI(Awards)&select=AboutTDI) (last visited on Dec. 17, 2014).

⁷ Ultratec, Inc. Request for Expedited Clarification for the Provision of and Cost Recovery for Internet Protocol Captioned Telephone Relay Service, CG Docket No. 03-123, at 1 (filed Jan. 17, 2006) (“Clarification Request”).

⁸ See Hearing Loss Association of America (formerly SHHH), *et al.*, Request to Amend Petition for Rulemaking to Mandate Captioned Telephone Relay Service, CC Docket No. 03-123 (Jan. 17, 2006) (“Petition Amendment”). Previously, in October 2005, these thirteen consumer advocacy groups filed a petition for rulemaking requesting the Commission to mandate the provision of captioned telephone service and “approve [IP CTS] as a form of TRS that is eligible for reimbursement through the Interstate TRS Fund.” IP CTS Rulemaking Petition at 24; see also *Petition for Rulemaking Filed Concerning Mandating Captioned Telephone Relay Service and Authorizing Internet Protocol (IP) Captioned Telephone Relay Service*, Public Notice, 20 FCC Rcd 18028 (CGB 2005) (requesting comment on the IP CTS Rulemaking Petition).

issued a declaratory ruling (“*Declaratory Ruling*”) that IP CTS qualifies for compensation from the TRS Fund.⁹ The Commission noted that IP CTS “simply describes a new way that consumers with hearing disabilities can access the telephone system through TRS that will accommodate persons who wish to speak to the other party and simultaneously both listen to what the other party is saying and read captions of what is being said.”¹⁰ The Commission stated that IP CTS “represents an important step towards functional equivalency.”¹¹

In its *Declaratory Ruling*, the Commission did not mandate IP CTS, but merely clarified that it is a reimbursable form of TRS service. The Commission specifically refrained from establishing an IP CTS standard that required the use of any particular proprietary technology and expressly determined based on the record in the proceeding that IP CTS could be provided using multiple methods that do not require the use or licensing of a particular technology. While acknowledging the importance of encouraging further innovation, the Commission conditioned its *Declaratory Ruling* “on Ultratec’s representation that it will continue to license its captioned telephone technologies, including technologies relating to IP CTS, at reasonable rates.”¹² The Commission did not, however, mandate that Ultratec indiscriminately license its IP CTS technology to any and all providers.

Following Ultratec’s filing of the Clarification Request, the consumer advocacy groups amended their IP CTS Rulemaking Petition to “specifically request expedited clarification that [IP CTS] is a telecommunications relay service eligible for reimbursement from the Interstate TRS Fund.” Petition Amendment at 1-2.

⁹ *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, Declaratory Ruling, 22 FCC Rcd 379, ¶ 23 (2007) (citation omitted) (“*Declaratory Ruling*”).

¹⁰ *Id.*

¹¹ *Id.* ¶ 23.

¹² *Id.* ¶ 24 (citation omitted).

C. Ultratec Consistently Has Licensed its Proprietary IP CTS Technology in Accordance With the Condition in the *Declaratory Ruling*

Ultratec has at all times licensed its captioned telephone service technology in a manner that is consistent with the licensing condition set forth in the *Declaratory Ruling*. At the time that Ultratec represented to the Commission that it would continue to license its captioned telephone technology, including IP CTS technology, Ultratec had licensed its patents related to captioned telephone service to Sprint Corporation (“Sprint”), Hamilton Relay, Inc. (“Hamilton”), and MCI, Inc.¹³

In addition, since the adoption of the *Declaratory Ruling*, Ultratec also has licensed its captioned telephone service technology (including IP CTS technology), either directly or through sub-licensees, to AT&T Services, Inc. (“AT&T”),¹⁴ Ameritech, Inc., and Communications

¹³ Sorenson’s argument that Ultratec’s agreements with Sprint and Hamilton *as of 2006* do not constitute technology licenses puts form over substance, and is misleading at best. *See* Petition at 15-17. While the Court found that the agreements as of 2006 were not technically “licenses” for purposes of the patent litigation, those agreements allowed the TRS providers to provide the patented captioned telephone service to their customers, and Ultratec always operated with the understanding that such agreements were, necessarily, licenses. Indeed, pursuant to Federal Circuit precedent, Ultratec’s understanding was correct. *Ortho Pharm. Corp. v. Genetics Inst., Inc.*, 52 F.3d 1026, 1029-1031 (Fed. Cir. 1995) (a license is any agreement to allow others to do that which the licensor has the power to prevent). As a patentee, Ultratec has the power to prevent others from making, using, selling, offering to sell, and importing into the United States, its patented technologies. While the precise language of Ultratec’s license agreements is confidential, it is by those agreements that Ultratec’s licensees are expressly authorized to sell, and do offer to sell, Ultratec’s patented CapTel service. Were those providers not licensed to do so, they would be infringing. *See* 35 U.S.C. § 271. In any event, Ultratec’s *present* agreements with Sprint and Hamilton include express licenses to Ultratec’s technology.

¹⁴ As of June 2014, AT&T provided interstate traditional TRS and interstate captioned telephone service, as well as intrastate traditional and/or captioned telephone service in nine states. *See* Letter from Vonda T. Long-Dillar, Assoc. Dir. Fed. Relations, AT&T, to Marlene H. Dortch, Secretary, FCC, CG Docket No. 03-123, at 1 (June 27, 2014) (submitting AT&T’s TRS consumer complaint log to the FCC) (attached to Letter from Robert Vitanza, Gen. Attorney, AT&T, to Marlene H. Dortch, Secretary, FCC, CG Docket No. 03-123 (filed June 27, 2014) (“Vitanza Letter”)). Ultratec understands that AT&T considered entering the IP CTS market but ultimately determined not to do so. Instead, AT&T currently “plans to exit the relay business.”

Services for the Deaf (“CSD”). Moreover, Ultratec has discussed licensing its IP CTS technology with every entity that has requested such a license, including Purple Communications, Inc. (“Purple”)¹⁵ and Convo Communications, LLC.¹⁶ Ultimately, Purple determined to offer IP CTS using its own platform, and Convo decided not to seek Commission certification to provide IP CTS.

Collectively, Sprint, Hamilton and CSD currently provide PSTN-based captioned telephone service in all fifty states and the District of Columbia, and AT&T provides captioned telephone service in six states. Of these providers, only Sprint and Hamilton currently are certificated by the Commission to provide IP CTS, and Ultratec continues to license its IP CTS technology to both providers. Moreover, contrary to Sorenson’s bald suggestion, these companies actively compete with one another in obtaining and providing service to IP CTS users. Under Ultratec’s current agreements with Sprint and Hamilton, Sprint and Hamilton use technology licensed from Ultratec to provide IP CTS to their respective users from facilities and call centers that Sprint and Hamilton staff and operate, as well as by utilizing CapTel call centers and equipment.

Thus, consistent with its representation to the Commission, Ultratec has continued to license IP CTS providers to which it licensed its technology prior to the *Declaratory Ruling* and

See Vitanza Letter at 2-3 (requesting the Commission to treat portions of its TRS consumer complaint log as confidential).

¹⁵ *See Notice of Grant of Conditional Certification for Purple Communications, Inc., to Provide Internet Protocol Captioned Telephone Service*, Public Notice, CG Docket Nos. 03-123 & 10-51, DA 14-1627 (CGB rel. Nov. 7, 2014) (conditionally granting renewal of Purple’s IP CTS certification).

¹⁶ Convo holds a video relay service (“VRS”) certification and currently is an active VRS provider. *See Notice of Conditional Grant of Application of Convo Communications, LLC for Certification as a Provider of Video Relay Service Eligible for Compensation From the Interstate Telecommunications Relay Service Fund*, Public Notice, 26 FCC Rcd 15956 (CGB 2011). However, it has not applied to the Commission for a certificate to provide IP CTS.

has entered into further licenses or entered into licensing negotiations with other entities to which the Commission has granted a TRS certificate. As discussed further below, Sorenson, however, never requested an IP CTS technology license from Ultratec prior to the litigation, and rejected Ultratec's offer to provide such a license to Sorenson on terms comparable to Ultratec's other licensees.¹⁷

D. Sorenson's IP CTS Offering Was Adjudicated to Infringe Ultratec's IP CTS Patents

In May 2013, Ultratec brought a patent infringement action against Sorenson in the U.S. District Court for the Western District of Wisconsin ("Court"), alleging that Sorenson infringed eight of Ultratec's patents covering Ultratec's captioned telephone service technology.¹⁸ The Court determined on summary judgment motions¹⁹ that as a matter of law Sorenson infringed

¹⁷ As set forth *infra* in Section IV(B), Ultratec reluctantly initiated licensing discussions with Sorenson during their pending patent litigation. However, Sorenson refused to agree to reasonable licensing terms that are consistent with the terms of Ultratec's prior and existing licensing agreements.

¹⁸ See *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. 2014). Since initiating this lawsuit, Ultratec has brought two additional patent infringement lawsuits against Sorenson, both of which currently are pending before the same Court. See *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 14-cv-066-jdp (W.D. Wis. filed Feb. 3, 2014) and *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 14-cv-847-jdp (W.D. Wis. filed Dec. 8, 2014). The patents involved in these suits also relate to the provision of captioned telephone service. For example, the patents in 14-cv-0066 relate, *inter alia*, to specific methods for correcting errors during the captioning process and for training call assistants for revoicing of IP CTS calls. The patents in 14-cv-847 were issued to Ultratec in December 2014 and cover, *inter alia*, specific ways to initiate IP CTS captioning.

¹⁹ Ultratec's motion for summary judgment precipitated this holding. See Motion for Summary Judgment, *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Apr. 14, 2014), ECF Nos. 87, 125. In deciding the summary judgment motions, the Court found Sorenson infringed certain of Ultratec's patents despite the requirement that the Court view all evidence in the light most favorable to Sorenson (as the non-movant) and against Ultratec and despite being required to draw all reasonable inferences in favor of Sorenson. See *Armco, Inc. v. Cyclops Corp.*, 791 F.2d 147, 149 (Fed. Cir. 1986).

four patent claims²⁰ in three of the eight patents,²¹ and Sorenson later stipulated that they infringed another of Ultratec's patent claims.²² Ultratec and Sorenson then proceeded to trial in October 2014 for a determination of whether Sorenson infringed the remaining eight patent claims at issue and whether all thirteen asserted patent claims were valid.²³ Following a seven-day jury trial on liability, the jury determined that Sorenson in fact infringed the remaining eight claims and that all 13 of the asserted patent claims are valid.²⁴ The jury awarded Ultratec damages in the amount of \$44,126,822 for Sorenson's past infringement.²⁵

²⁰ A patent "claim" is a numbered paragraph within a patent that succinctly defines the scope of an invention covered by the patent. Whoever makes or uses a device or process that has all of the features and limitations of the patent claim infringes upon that claim. *See* 35 U.S.C. § 271. Often, patents contain several claims, which can define the same invention or multiple inventions (and variations on those invention) using different wording, concepts, and scope.

²¹ Opinion and Order at 37, 47, 49, *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 13-cv-346-bbc, (W.D. Wis. Aug. 28, 2014), ECF No. 351. The District Court also granted summary judgment in favor of Ultratec with respect to all counterclaims brought by Sorenson against Ultratec. Specifically, the Court found that all of Sorenson's patent claims (directed to displaying error corrections "in-line" on a user's device) were invalid and that several of Ultratec's patent claims were not invalid under 35 U.S.C. § 102 as being "anticipated" by prior art. *Id.* at 50, 52; *Id.* at 50, 52; Opinion and Order at 14, *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Aug. 28, 2014), ECF No. 350 (ruling that all claims of Sorenson's patent were invalid for being obvious under 35 U.S.C. § 103 in view of prior art technology).

²² Stipulation for Infringement of Claim 11, *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Oct. 13, 2014), ECF No. 598.

²³ Prior to trial, Judge Crabb invited the parties to voluntarily narrow the claims for the jury to determine from the originally asserted twenty patent claims to something more manageable. Accordingly, Ultratec voluntarily agreed to drop seven patent claims (including claims that Judge Crabb had already determined were infringed) because they were largely redundant to the other patent claims asserted by Ultratec. In addition, Sorenson agreed not to challenge whether it infringed one claim, although it still required the jury to determine validity of that claim. Consequently, at trial the jury was tasked with determining the infringement of eight patent claims and the validity of thirteen patent claims.

²⁴ Jury Verdict - Liability, *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Oct. 23, 2014), ECF No. 658. This is significant because a patent claim can be infringed and yet invalid. In other words, the jury could have determined that the USPTO incorrectly issued the patents due to the inventions having already been publicly known or in use in the technological field prior to Ultratec's application for the patents. Instead, it was

Following the jury verdict, Ultratec filed a motion with the Court seeking a limited injunction.²⁶ Specifically, Ultratec requested that the Court enjoin Sorenson from providing CaptionCall service to any *new* IP CTS customers in a manner that infringes Ultratec’s patents.²⁷ Although Ultratec could have requested the Court enjoin Sorenson’s ongoing infringement of Ultratec’s patents in its entirety, it did not. Ultratec desired to “prevent any hardship on [Sorenson’s] current customers”²⁸ and therefore “structured [the requested injunction] specifically to avoid the risk of cutting off consumers who want and need captioned telephone service.” Ultratec noted that it does not “want to force the hard of hearing community that uses CaptionCall service to switch away from a phone and service with which they have grown comfortable.”²⁹ Accordingly, Ultratec agreed to permit Sorenson’s existing IP CTS customers as of the date of the injunction to continue to receive CaptionCall’s infringing IP CTS service,

determined both that Ultratec’s patents were properly issued by the USPTO and enforceable, and that Sorenson infringed them.

²⁵ Jury Verdict – Damages, *Ultratec, Inc. et al. v. Sorenson Commc’ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Oct. 24, 2014), ECF No. 682.

²⁶ Plaintiffs’ Motion for Permanent Injunction, *Ultratec, Inc. et al. v. Sorenson Commc’ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Nov. 7, 2014), ECF No. 700 (“Injunction Motion”).

²⁷ Ultratec presented evidence to the Court that “[Ultratec has] more than enough capacity to provide phones and IP captioned telephone service to consumers that would be projected to sign up for CaptionCall absent an injunction. In fact, given an appropriate lead time, CapTel is equipped to take on *all* of CaptionCall’s traffic should CaptionCall’s existing customers choose to switch services.” Brief in Support of Plaintiffs’ Motion for Permanent Injunction at 34, *Ultratec, Inc. et al. v. Sorenson Commc’ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Nov. 7, 2014), ECF Nos. 701, 774 (“Injunction Brief”); *see also id.* at 10, 36-37 (citing to various expert reports and declarations presented in the litigation to demonstrate that “[Ultratec has] the capacity to take on [Sorenson’s] traffic”).

²⁸ Injunction Brief at 10.

²⁹ *Id.* at 37.

although Ultratec asked the Court to award it royalties for Sorenson's continued infringement of Ultratec's patents.³⁰ The Court has not yet ruled on Ultratec's request for a limited injunction.

III. THE COMMISSION SHOULD NOT INTERVENE IN A PRIVATE PATENT DISPUTE TO INSULATE SORENSON FROM THE CONSEQUENCES OF ITS PATENT INFRINGEMENT

Sorenson, the dominant provider of TRS, began considering at least as early as 2005 whether to develop an IP CTS business. After thoroughly evaluating the IP CTS market, including Ultratec's mature CapTel service,³¹ Sorenson sought and obtained an IP CTS certification from the Commission in 2011 and commenced the provision of IP CTS.³² However, rather than independently assembling its own IP CTS offering, Sorenson launched its service in a manner that utilizes Ultratec's patents without securing, or even seeking, a license from Ultratec.

³⁰ Injunction Motion, at 2.

³¹ For example, in June 2006 Sorenson internally prepared an IP CTS "Product Requirements Document in which Sorenson "explain[ed] the advantages of automatic speech recognition technology [used by CapTel] over typing." Opinion and Order at 15, *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Aug. 28, 2014), ECF No. 351. Further, Sorenson's product manager for its CaptionCall service "assess[ed] the competitive [IP CTS] landscape" and looked, in his words, "under every stone to understand the competitive situation." *Id.* at 16. Among other things, Sorenson compiled a list of Ultratec's CTS-related patents and patent applications and purchased several CapTel phones. *Id.* at 15-16. Further, Sorenson retained an independent company to conduct market research regarding the IP CTS market and was told by the consultant that Ultratec and CapTel had "'numerous patents,' in addition to the 'latest in Computerized Voice Recognition Innovation.'" *Id.* at 17. The consultant concluded, *inter alia*, that "Ultratec has protected its work and investment that went into the invention of its 'CapTel' version of captioned telephone technology..." and "determined that the next step for Sorenson was to 'understand CaptionCall technology and possible patents and how CapTel patents impact, relate and differentiate to CaptionCall product and captioning service.'" *Id.*

³² See Notice of Grant of Conditional Certification for Sorenson Communications, Inc., as Reorganized Pursuant to Chapter 11, to Provide Internet-Based Telecommunications Relay Services Pending Commission Action on Sorenson's Application for Certification, Public Notice, 29 FCC Rcd 4111 (CGB 2014).

Only now, after Sorenson has been adjudicated to infringe Ultratec’s patents, has Sorenson sought Commission intervention in an effort to insulate itself against the legal consequences of its prior and continuing infringement. Having failed to convince the Court that it should have the unilateral right to make unfettered use of the IP CTS technology that Ultratec spent many years and millions of dollars to develop, Sorenson petitioned the Commission to intervene in a private patent dispute that it lost. The Commission should recognize Sorenson’s Petition for what it is—a “Hail Mary” attempt to circumvent longstanding intellectual property law and thereby avoid the consequences of Sorenson’s business decision to launch an IP CTS offering that infringes Ultratec’s proprietary technology.

A. Sorenson Chose Not to Independently Develop a Non-Infringing IP CTS Offering

During the patent litigation discovery process, Ultratec confirmed not only that Sorenson infringed its patents, but that Sorenson did so intentionally and in disregard of Ultratec’s intellectual property rights. The Court held on summary judgment that “there were numerous red flags indicating the high likelihood that” Sorenson’s actions would result in infringement of Ultratec’s patents and that “there is evidence suggesting that [they] copied at least certain aspects of CapTel’s service.”³³ In addition, the Court noted that Sorenson’s “marketing research firm warned [Sorenson] that the CapTel technology was patented and advised [Sorenson] to determine to what extent their CaptionCall product differed.”³⁴ According to the Court:

Despite the numerous warning signs that their CaptionCall service was likely to be infringing one or more of Ultratec’s patents, and despite [Sorenson’s IP CTS product manager’s] commitment to ‘looking under every stone’ to understand the competitive situation, [Sorenson] chose to continue to ignore the patents and not read them. A reasonable jury could conclude that by doing so, [Sorenson was]

³³ Opinion and Order at 83, *Ultratec, Inc. et al. v. Sorenson Commc’ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Aug. 28, 2014), ECF No. 351.

³⁴ *Id.*

not merely displaying deliberate indifference, but [was] deliberately *avoiding* confirming what they already knew: that their CaptionCall service was infringing.”³⁵

Rather than wrongfully utilizing Ultratec’s proprietary technology, Sorenson could have developed its own IP CTS platform. According to the Court:

[T]he FCC did not impose a requirement that all companies wanting to provide services qualifying for relay services funding had to adopt a certain type of technology; rather, the [C]ommission merely added another technology to the list that qualified for reimbursement. Interested companies did not have to use the technology covered by Ultratec’s patents in order to provide technology qualifying for relay services funding. Indeed, the commission added competitors to the marketplace by approving new technology, rather than limiting competition by setting a standard.³⁶

Indeed, the Commission expressly explained in its *Declaratory Ruling* that IP CTS “may be initiated, set up, and provided in numerous ways, including using specific telephone equipment or IP-enabled devices, and various combinations of the PSTN and IP-enabled networks.”³⁷ Further, the Commission purposefully broadly defined IP CTS to include any service that “allows the user to simultaneously listen to, and read the text of, what the other party in a telephone conversation has said, and the connection carrying the captions between the

³⁵ *Id.* at 84. The jury was not ultimately asked to make a determination regarding this matter.

³⁶ Opinion and Order at 2, *Ultratec, Inc. et al. v. Sorenson Commc’ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Aug. 28, 2014), ECF No. 352.

³⁷ *Declaratory Ruling* ¶ 22; *see also id.* ¶ 30 (“[W]e recognize that [IP CTS] can be provided in a variety of ways.”); *id.* ¶ 14 (acknowledging without objection that “Petitioners emphasize that there are multiple methods of using the Internet to provide captioned telephone service” and providing examples of several such methods); *id.* ¶ 22 and note 67 (referencing comments demonstrating that IP CTS can be offered in compliance with the Commission’s requirements in a variety of different ways); *see also* IP CTS Rulemaking Petition at 19 (“Petitioners have learned that multiple methods of using Internet transport to produce captioned telephone relay service already have been developed.”); *id.* ¶ 21 (“It is expected that if a captioned telephone mandate is put into place, other companies will find a way to compete with Ultratec’s CapTel service.”).

service and the user is via the Internet rather than the PSTN.”³⁸ The Commission expressly declined to “set forth in greater detail how this service must be provided” subject to a few basic caveats, such as a requirement that the service meets applicable TRS mandatory minimum standards.³⁹

In addition, the Commission explained that IP CTS “borrows from both the IP Relay and the captioned telephone service that the Commission has previously recognized as forms of TRS,”⁴⁰ and provided a brief history of the evolution of these services.⁴¹ In doing so, the Commission acknowledged that “Ultratec’s [PSTN-based] captioned telephone service was provided only via proprietary equipment and technology, and that Ultratec was the only company offering consumers any type of [PSTN-based] captioned telephone service” at the time that the Commission determined that captioned telephone service qualified as a compensable form of TRS.⁴² However, as with IP CTS, by defining PSTN-based captioned telephone service based on its functionality rather than based on a specific service provider or a uniform technology standard, the Commission ensured that providers could choose either to offer PSTN-based captioned telephone service independently of Ultratec or to license Ultratec’s captioned telephone service technology. The Commission explained that “to avoid authorizing a particular proprietary technology, rather than a particular functionality or service,” the Commission defined PSTN-based captioned telephone service broadly based on its functionality, as it did with respect

³⁸ *Declaratory Ruling* ¶ 22.

³⁹ *Id.*

⁴⁰ *Id.* ¶ 21.

⁴¹ *Id.* ¶¶ 2-12.

⁴² *Id.* ¶ 10.

to IP CTS, and noted that “TRS providers ... are not bound to offer any particular company’s service.”⁴³

B. Sorenson Chose Not To Seek To License Ultratec’s Patents

As an alternative to independently developing a non-infringing IP CTS platform, Sorenson could have requested to license Ultratec’s patents prior to launching service, but it did not. As set forth above, Ultratec has never refused to discuss licensing terms with any entity that has requested to license Ultratec’s IP CTS technology, and in many cases Ultratec has been able to agree to licensing terms with a requesting entity. Sorenson knew that Ultratec had relevant patents covering its methods of providing IP CTS, but Sorenson chose to simply ignore them. As discussed below, Sorenson did not initiate any communications with Ultratec about licensing the use of Ultratec’s technology until after Ultratec initiated the patent litigation and even then rejected Ultratec’s offer to license on comparable terms with Ultratec’s other licenses.⁴⁴

C. If Granted, Ultratec’s Requested Injunction Will Have No Adverse Impact on IP CTS Users or IP CTS Providers Other Than Sorenson

Having chosen to infringe Ultratec’s patents rather than independently develop its own IP CTS offering or seeking to license Ultratec’s technology, Sorenson now seeks to avoid the consequences of its actions. In an effort to convince the Commission to effectively overrule the Court, Sorenson argues that Ultratec’s very reasonable injunction request, which was purposefully structured to avoid any public interest harms, will result in the IP CTS market being reduced to a single provider.⁴⁵ This is simply false. If Ultratec’s injunction request is granted by

⁴³ *Id.*

⁴⁴ Moreover, Sorenson did not comment in the Commission’s earlier *Declaratory Ruling* proceeding regarding the scope of the licensing condition set forth in the *Declaratory Ruling*. In fact, Sorenson did not participate in the *Declaratory Ruling* proceeding at all.

⁴⁵ See Petition at 4, 7, 10-13.

the Court, it only will impact Sorenson and will have no effect on other IP CTS providers. Moreover, Ultratec's requested injunction will not prevent Sorenson from continuing to provide IP CTS to its current users. Finally, the requested injunction poses no obstacle to the development by Sorenson or any other present or future IP CTS provider of services that do not infringe Ultratec's intellectual property.

IV. THE COMMISSION SHOULD NOT RETROACTIVELY CHANGE THE SCOPE OF THE DECLARATORY RULING LICENSING CONDITION

Sorenson's Petition asks the Commission to rewrite its *Declaratory Ruling* to provide Sorenson with preferential access to Ultratec's intellectual property rights—technology that Ultratec spent millions of dollars and many years to develop. The Court expressly rejected Sorenson's legal theory that the *Declaratory Ruling* requires Ultratec to provide Sorenson with a license to Ultratec's proprietary technology.⁴⁶ Instead, based on the parties' very comprehensive arguments during the litigation,⁴⁷ the Court determined on summary judgment motions, based on

⁴⁶ In the litigation, Sorenson alleged a variety of causes of action against Ultratec, each of which was dismissed by the Court. Among these was a claim that "[a] binding, enforceable contract exists between the FCC and Ultratec" by virtue of the licensing condition set forth in the Amended Answer to Amended Complaint at 28-30, *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Aug. 14, 2013), ECF No. 37. According to Sorenson, it was a third-party beneficiary of this contract and therefore Ultratec was required to license its patents to Sorenson on reasonable terms. In a second lawsuit between the parties, Sorenson repeated this claim and also sued Ultratec for fraud, contending that Ultratec (through its then FCC counsel, Karen Peltz Strauss) misrepresented its past conduct and future intentions to the Commission when Ultratec stated on the record that it had licensed its captioned telephone service patents and would continue to do so. Amended Answer to Amended Complaint at 22-24, *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 14-cv-066-jdp (W.D. Wis. Apr. 9, 2014), ECF No. 34. The Court dismissed all of these causes of action---in both lawsuits and with prejudice. Opinion and Order, *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Aug. 28, 2014), ECF No. 352; Opinion and Order, *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 14-cv-066-jdp (W.D. Wis. Aug. 28, 2014), ECF No. 64.

⁴⁷ Sorenson suggests in the Petition that the Court failed to take into account certain of Sorenson's arguments as to why the licensing condition set forth in the *Declaratory Ruling* should be interpreted in a manner inconsistent with the text of the condition. Petition at 17-18. In fact, Sorenson took extensive discovery on this issue from Ultratec, and Sorenson's and

the “undisputed facts presented in the pleadings and attachments,”⁴⁸ that the licensing condition set forth in the *Declaratory Ruling* means exactly what it says. Specifically, the Court concluded “that plaintiff Ultratec did not promise the FCC that it would license its patents to [Sorenson] or on a nondiscriminatory basis” and “that [Sorenson] failed to prove that Ultratec was bound to license its patents to all providers or to defendants.”⁴⁹

Having unequivocally failed to convince the Court to add the term “all providers” to the licensing condition in the Commission’s *Declaratory Ruling*, a disgruntled Sorenson is now seeking for the Commission to rewrite the *Declaratory Ruling* to include this clause and rescue Sorenson from its disregard of Ultratec’s patents. However, the time for Sorenson to seek reconsideration of the Commission’s *Declaratory Ruling* has long since passed, and Sorenson should not be permitted to now request the FCC to modify the *Declaratory Ruling*.⁵⁰

A. The Licensing Condition in the *Declaratory Ruling* Means What it Says

The licensing condition in the *Declaratory Ruling* means exactly what it says: the Commission conditioned its *Declaratory Ruling* “on Ultratec’s representation that it will continue to license its captioned telephone technologies, including technologies related to IP

Ultratec’s summary judgment briefings on Sorenson’s theories concerning the licensing condition spanned over 200 pages and were fully addressed by the Court. Opinion and Order, *Ultratec, Inc. et al. v. Sorenson Commc’ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Aug. 28, 2014), ECF No. 352; Opinion and Order, *Ultratec, Inc. et al. v. Sorenson Commc’ns, Inc., et al.*, No. 14-cv-066-jdp (W.D. Wis. Aug. 28, 2014), ECF No. 64. Sorenson’s arguments simply lacked legal merit and were properly dismissed accordingly.

⁴⁸ Opinion and Order at 2, *Ultratec, Inc. et al. v. Sorenson Commc’ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Aug. 28, 2014), ECF No. 352.

⁴⁹ *Id.* at 14.

⁵⁰ Sorenson’s argument that Ultratec should have sought reconsideration of the *Declaratory Ruling* is misplaced. Petition, at 5 note 8. It is Sorenson, and not Ultratec, that is seeking for the Commission to re-open a Commission order that became final nearly eight years ago to insert additional verbiage into that order. Sorenson clearly acknowledges in its Petition that the licensing condition in the *Declaratory Ruling* does not contain the clause “all providers” and now seeks for the Commission to modify its ruling to insert the clause.

CTS, at reasonable rates.”⁵¹ This condition is fully consistent with the representation contemporaneously made by Ultratec to the Commission regarding Ultratec’s intentions with respect to licensing its captioned telephone service technology: Ultratec “will continue to license its technologies, including technologies relating to IP captioned telephone, going forward.”⁵² It also is consistent with the Commission’s decision to define IP CTS in generic terms such that IP CTS can be provided in a variety of ways and does not require access to any particular proprietary technology.

As set forth above, at the time that this representation was made to the Commission, Ultratec licensed its captioned telephone service technology to a subset of captioned telephone service providers, and Ultratec continues to do so.⁵³ Ultratec did not offer to, and did not intend to, indiscriminately provide a license to its patents to every requesting entity, irrespective of the reputation or business practices of the entity. Instead, Ultratec only licensed its patents to specific providers that Ultratec knew from experience offered high-quality, consumer-centric service. Ultratec merely represented to the Commission that it would *continue* this practice, and the Commission conditioned the *Declaratory Ruling* on this representation.⁵⁴

⁵¹ *Declaratory Ruling* ¶ 24.

⁵² *Ex parte* letter from Karen Peltz Strauss, counsel to Ultratec, to Marlene H. Dortch, Secretary, FCC, CG Docket No. 03-123 (filed Nov. 27, 2006) (Peltz Strauss *Ex Parte*). In the Peltz Strauss *Ex Parte*, Ultratec also noted that it “has licensed its technologies at reasonable rates since captioned telephone service first became available over five years ago.” *Id.* This accurate statement provides additional color regarding the intended meaning of Ultratec’s representation. The juxtaposition of this statement regarding Ultratec’s prior licensing practices to Ultratec’s representation in the *ex parte* letter regarding its intentions going forward demonstrates that Ultratec’s representation was intended only to mean that Ultratec would continue its then existing licensing practices.

⁵³ See *supra* Section III(A) herein.

⁵⁴ It is somewhat unusual for the Commission to condition an order on a representation by an entity that does not hold a Commission authorization and over which the Commission does not have direct jurisdiction. If Ultratec were to decline for business reasons to continue to license its

Moreover, the Commission refrained from requiring Ultratec to indiscriminately license its technology for a reason—because the Commission expressly determined that access to Ultratec’s technology was not a prerequisite for the provision of IP CTS. The Commission determined that IP CTS could be provided using multiple methods that do not require the use or licensing of a particular technology.⁵⁵ Consistent with this holding, the FCC stated that it expected that IP CTS would not be under the control of one vendor or provider.⁵⁶

Sorenson’s argument that the inclusion of the clause “all providers” in the FCC news release regarding the *Declaratory Ruling* (“News Release”) and in then-Chairman Kevin Martin’s statement (“Statement”) turns logic on its head. As an initial matter, neither the News Release nor the Statement has any impact on the appropriate interpretation of the *Declaratory Ruling*.⁵⁷ The Commission speaks solely through its orders,⁵⁸ and the *Declaratory Ruling* does

captioned telephone service technologies (for example, if Ultratec were to become insolvent and to emerge from bankruptcy under new ownership), it is not clear what affect this would have on the continuing effectiveness of the *Declaratory Ruling* and therefore the ongoing compensability of IP CTS. In any event, Ultratec is financially sound and will continue to abide by its representation in perpetuity.

⁵⁵ The ability to provide IP CTS without using Ultratec’s proprietary technology is discussed in detail, *infra*.

⁵⁶ See *Declaratory Ruling* ¶ 24 (“[W]e expect that this will not be a service under the control of one vendor or provider.”).

⁵⁷ All Commission News Releases expressly state: “This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.” See *MCI v. FCC*, 515 F.2d 385, 391 (D.C. Cir. 1974) (holding that a Commission news release “is nothing more than an unofficial, informal summary of forthcoming Commission action for the edification of the press and the general public. It is customarily prepared by non-lawyers in the press office; it is not approved by the Commission”). Similarly, statements by the FCC Commissioners and Chairman that accompany Commission orders also have no legal effect. See *MD/DC/DE Broadcasters Association v. FCC*, 253 F.3d 732, 735 (D.C. Circuit 2001) (holding that “the Federal Communications Commission is a collegial body; however, it speaks through its orders” and not through the statements of individual Commissioners).

⁵⁸ The Commission “speaks through its orders” only. See *Bell Atlantic-Delaware, Inc., et al.*, Memorandum Opinion and Order, 15 FCC Rcd 12946, ¶ 20 (1999).

not contain the clause “all providers.” If the absence of this clause in the *Declaratory Ruling* despite its inadvertent inclusion in the News Release means anything, it is that the Commission purposefully and knowingly chose not to include the clause in the *Declaratory Ruling*, thereby demonstrating that the FCC did not intend to require Ultratec to indiscriminately license its proprietary technology.⁵⁹

B. It is a Substantial Overreach for Sorenson to Complain About the *Declaratory Ruling’s* Licensing Condition When Sorenson Never Requested a License From Ultratec

Sorenson never requested a license to use Ultratec’s proprietary technology prior to the litigation and continues to refuse to license Ultratec’s patents at the rates set by the market and on the terms agreed to by Ultratec’s other licensees. In fact, Sorenson did not communicate with Ultratec at all about licensing Ultratec’s patents until Ultratec had spent millions of dollars defending its intellectual property in federal court and it became clear to Sorenson that the patent litigation was not going well. Instead, Sorenson freely utilized the fruits of Ultratec’s extensive research and development efforts to launch its own service while turning a blind eye to Ultratec’s patents—patents of which Sorenson had been aware for five years prior to its entry into the IP CTS market. It is a substantial overreach for Sorenson to complain now about the scope of the licensing condition set forth in the *Declaratory Ruling* when Sorenson failed to even try to avail itself of the licensing condition.

⁵⁹ Sorenson’s protestation that a “secret phone call” between Thomas Chandler, then Chief of the Commission’s Disability Rights Office, and Ms. Peltz Strauss “compromised” the “due process rights” of some unidentified party to the *Declaratory Ruling* proceeding, a proceeding in which Sorenson did not participate at all, is nonsensical. See Petition at 14. Sorenson appears to be arguing that proceeding participants, which, again, did not include Sorenson, were in some way harmed *because* the Commission’s recitation in the *Declaratory Ruling* is substantively identical to the actual representation that Ultratec made to the Commission and publicly disclosed in the Peltz Strauss *Ex Parte* Letter.

During the patent litigation, Ultratec offered a license to Sorenson that is substantially similar to the license that Ultratec has agreed to with other licensees of its IP CTS technology. Even then, rather than engage in good faith discussions, Sorenson, after considerable delay, countered with a transparently bad faith offer consisting of a tiny fraction of what Ultratec's other business partners agreed to pay to Ultratec. Further, Sorenson rejected out of hand the important non-monetary provisions that Ultratec included in its other licenses, including a provision that requires the licensees to comply with all Commission requirements applicable to IP CTS.

V. SORENSON PROVIDES NO JUSTIFICATION TO WARRANT THE ADOPTION BY THE COMMISSION OF A NEW, PROSPECTIVE IP CTS LICENSING REQUIREMENT

In addition to requesting that the Commission retroactively substantially modify the licensing condition that it adopted eight years ago in the *Declaratory Ruling*, Sorenson also requests, as an alternative measure, for the Commission to impose a new licensing requirement on Ultratec. As an initial matter, the unilateral imposition of a licensing requirement on a patent holder (that is not even a Commission licensee) is not an action that the Commission should consider taking in response to a petition for declaratory ruling, especially where, as here, the petitioner is a disgruntled competitor of the patent holder and the two parties are embroiled in patent litigation. At a minimum, before taking the extreme measure of abrogating a patent holder's intellectual property rights authorized by the U.S. Constitution and granted by U.S. statute, the Commission should initiate a rulemaking. However, as explained below, there is no reason to do so in this instance because Sorenson has failed to provide a credible justification for the "relief" that it requests from the Commission, much less a compelling reason that such a drastic action is required to protect the public interest.

A. Sorenson Has Not Shown that Providers Need to Infringe Ultratec's Patents to Provide IP CTS

The FCC purposefully defined compensable IP CTS in a generic manner that does not require the use of Ultratec's proprietary technology and determined in the *Declaratory Ruling* that IP CTS can be provided without the use of Ultratec's technology. Sorenson has not provided any evidence to rebut this FCC determination. It only has offered the Commission bare and conclusory assertions that neither it, nor any other IP CTS provider, can provide IP CTS without a license to Ultratec's patents. This is woefully insufficient to justify elimination by the Commission of the rights awarded to a patent holder under U.S. law. It also is contrary to the positions that Sorenson asserted during its patent litigation with Ultratec.

Pursuant to the *Declaratory Ruling*, a captioned telephone service qualifies as IP CTS if it has the following minimum characteristics, irrespective of the equipment and technology used to provide these functionalities: (i) the user can "simultaneously listen to, and read the text of, what the other party in a telephone conversation has said;"⁶⁰ (ii) "the connection carrying the captions between the service and the user is via the Internet rather than PSTN;"⁶¹ and (iii) the service is "automated and invisible to both parties to the call."⁶² Regardless of Sorenson's assertions that Ultratec "reads its patents very broadly" and has a "broad view of its claims,"⁶³ it

⁶⁰ *Declaratory Ruling* ¶ 22.

⁶¹ *Id.*

⁶² *Id.* ¶ 23 ("[W]e expect that [IP CTS] should permit the consumer to directly dial the called party and then automatically connect the CA to the calling party to deliver the captions.").

⁶³ Petition at 3. Sorenson's characterizations are disproved by the Court's rulings and verdict. Ultratec's patents (like all patents) protect only the technology covered in the numbered "claims" recited within the patents. Absent rare circumstances not applicable here, the scope and coverage of patent claims cannot be changed once a patent issues. The "meaning" or scope of patent claims is an issue of law decided by a judge. In the litigation between Ultratec and Sorenson, the Court (and not Ultratec) ruled on what the terms used in Ultratec's patent claims mean in the context of the applicable technological field, and the judge and the jury decided that

is not necessary to use Ultratec's patents to satisfy these Commission-imposed criteria.

Ultratec's methods may be the best currently offered, but that does not mean they are mandated.

For example, the Commission expressly stated that IP CTS providers may generate captions using means other than having a communications assistant revoice the conversation, such as by typing.⁶⁴ In addition, an IP CTS provider could use Communication Access Real-Time Translation (*i.e.*, CART) technology or other variations on court reporting stenography, such as is used by InnoCaption, Inc. (f/k/a Miracom USA, Inc.), an IP CTS provider recently certified by the Commission.⁶⁵

Instead, it is Sorenson's obligation to demonstrate to the Commission that the Commission was wrong when it determined in the *Declaratory Ruling* that Ultratec's patents are not required for the provision of IP CTS given the broad definition that the Commission provided for the service. Sorenson offers only conclusory assertions regarding this matter and provides no specific evidence that the Commission was mistaken. Indeed, in an effort to reduce the royalties it would be forced to pay Ultratec for its infringement of Ultratec's patents, Sorenson proffered an expert witness to offer an opinion about the cost and technological feasibility of non-infringing IP CTS alternatives—in other words, ways to provide IP CTS

those claims encompassed Sorenson's IP CTS products and services. Thus, the proper reading and scope of Ultratec's patents was legally determined by a judge and jury who had the opportunity to listen to and evaluate Sorenson's position on the scope of coverage of Ultratec's patents.

⁶⁴ *Declaratory Ruling* ¶ 23.

⁶⁵ See *Notice of Conditional Grant of Application of Miracom USA, Inc., for Certification as a Provider of Internet Protocol Captioned Telephone Service Eligible for Compensation From the Telecommunications Relay Services Fund*, Public Notice, 29 FCC Rcd 5105, 5106 (CGB 2014) (noting that InnoCaption "proposes to utilize stenography-based captioning, by which a human stenographer will produce the captions by typing the content communicated orally by the other party to the call").

without infringing Ultratec's patents.⁶⁶ For example, Sorenson's expert opined that there are technologically available ways to provide IP CTS without using Ultratec's patented revoicing technology.⁶⁷ While there were a variety of procedural and evidentiary disputes during the litigation on these topics, and Sorenson's expert did not ultimately offer his opinion at trial, the fact remains that Sorenson itself represented to a federal judge that there are ways to offer IP CTS without infringing Ultratec's patents.⁶⁸ Thus, Sorenson's position on this matter changes depending on its audience.

B. Mandating Indiscriminate Access to Specific Patents Disincentivizes Innovation And Undercuts TRS Service Quality Competition

Given the lack of price competition in the regulated TRS industry, TRS providers must compete on innovative service features and quality to acquire TRS customers. The U.S. patent system offers TRS providers a means of protecting their research and development investment in such innovation. If granted, the relief sought in the Sorenson Petition would undermine the Constitutionally authorized and Congressionally established incentive structure created by the patent system. It would undermine Ultratec's incentive, and the incentive of all TRS providers,⁶⁹

⁶⁶ See, e.g., Expert Report of Benedict J. Occhiogrosso at 56-59, *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. May 11, 2014), ECF Nos. 135, 218. The concept of a non-infringing alternative often is used in patent litigation as a factor to be considered by the court when establishing the proper royalty rate for purposes of determining the defendant's liability for infringement. Under this theory, the royalty rate should be tied to the cost to the defendant to use the closest available alternative technology that would not infringe the patent claims.

⁶⁷ *Id.*

⁶⁸ At present, much of the detail behind these expert opinions is contained in non-public expert reports or deposition transcripts, which Ultratec voluntarily cannot (but Sorenson could) provide to the Commission due to restrictions in the Court's protective order.

⁶⁹ Ultratec is not the only participant in the IP CTS market that has asserted its patent rights. Sorenson sued Ultratec for infringement of Sorenson's CTS-related patent (U.S. Patent No. 8,379,801). See *Ultratec, Inc. et al. v. Sorenson Commc'ns, Inc., et al.*, No. 13-cv-346-bbc, Dkt. 27, at 28-29 (W.D. Wis.). It is disingenuous for Sorenson to complain that Ultratec must

to expend funds on research and development to promote innovation, which, in turn, threatens the functional equivalence of TRS.

The Commission has long emphasized the importance of quality-of-service competition in the TRS industry to facilitate progress towards functional equivalence.⁷⁰ In fact, the Commission explained that causing IP CTS to be eligible for TRS Fund compensation “would provide an incentive for competition among multiple providers to offer [IP CTS] on a nationwide basis in a manner that would ‘enhance consumer choice, service quality and available features.’”⁷¹ It is critical that the Commission continue to ensure, rather than disincen-⁷⁰ t, “intense competition among a number of qualified vendors in the telecommunications relay services market” in order to “give the TRS user population a range of choices in features and services

indiscriminately license its IP CTS patents to Sorenson while Sorenson attempts to assert its own IP CTS patents against Ultratec. Ultimately, however, Sorenson’s patent was found to be invalid by both the Court and the U.S. Patent Office, making it unnecessary for the Court to reach the question of infringement of Sorenson’s patent. Opinion and Order, *Ultratec, Inc. et al. v. Sorenson Commc’ns, Inc., et al.*, No. 13-cv-346-bbc (W.D. Wis. Aug. 28, 2014), ECF No. 350; *Ultratec, Inc. v. Sorenson Commc’ns, Inc.*, IPR2013-00288, Paper 63 (Oct. 30, 2014).

⁷⁰ See, e.g., *Structure and Practices of the Video Relay Service Program*, Report and Order and Further Notice of Proposed Rulemaking, 28 FCC Rcd 8618, ¶ 5 (“[T]he FCC’s implementation of section 225 of the Act has relied heavily on competition in order to allow VRS users to choose among providers who compete on factors such as quality of service, customer service, and technological development.”) (“*VRS Report and Order*”); *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, Report and Order and Order on Reconsideration, 20 FCC Rcd 20577, ¶¶ 21, 26 (2005); *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking, 19 FCC Rcd 12475, ¶ 121 (2004); see also, e.g., *Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Phoenix, Arizona Metropolitan Statistical Area*, Memorandum Opinion and Order, 25 FCC Rcd 8622, ¶ 75 (2010) (recognizing the importance of “competition over service quality and features” in UNE-based competition). IP CTS service-quality competition is critical because IP CTS, like VRS, involves a market in which “multiple providers offer substantially similar services with no opportunity for price competition, as end users receive the service at no cost.” *VRS Report and Order* ¶ 5.

⁷¹ *Misuse of Internet Protocol (IP) Captioned Telephone Service*, Report and Order and Further Notice of Proposed Rulemaking, 28 FCC Rcd 13420, ¶ 135 (quoting *Declaratory Ruling* ¶ 25).

within any one form of TRS.”⁷² Undercutting providers’ and other TRS marketplace participants’ incentives to innovate by undermining their patent rights can harm their ability to compete, and thus directly can impede functional equivalence. This is contrary to the public interest, which does not require that each TRS provider offer identical service.

Article I, Section 8 of the United States Constitution gives Congress the power to grant patentees an exclusive right to their inventions for a limited time to make, use, sell, or offer to sell their inventions in exchange for disclosing their inventions to the public. It aims to “promote the progress of science ... by securing for limited times to ... inventors the exclusive right to their respective ... discoveries.”⁷³ The patent system in the United States thus constitutes a basic bargain between the government and the patentee. In order for this system to accomplish its objective of fostering innovation, the government must uphold its end of the bargain by enforcing the rights of patentees to exclude others from using their inventions. Any action by the Commission to mandate that Ultratec share its patent rights indiscriminately undermines this basic and crucial bargain.

Moreover, the Commission has noted that the “whole purpose of the patent system is to allow the patent holder to reap profits to provide an incentive for innovation.”⁷⁴ Overt Commission regulation of TRS providers’ patents, however, would cause uncertainty regarding the providers’ ability “to reap profits” and thus moderate – or even destroy – this “incentive for

⁷² *Consumer Groups’ TRS Policy Statement – Functional Equivalency of Telecommunications Relay Services: Meeting the Mandate of the Americans with Disabilities Act*, at 9 (attached to *Ex Parte* Letter from Tamar E. Finn, counsel to Telecommunications for the Deaf and Hard of Hearing, Inc. *et al.*, to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 03-123 & 10-51 (filed Apr. 12, 2011)).

⁷³ U.S. Const. Art I, section 8, clause 8.

⁷⁴ *Inquiry Into the Need for a Universal Encryption Standard for Satellite Cable Programming*, Report, 5 FCC Rcd 2710, ¶ 65 (1990).

innovation.” The Commission therefore should not undermine this incentive structure lightly, particularly as nothing in the Petition provides “grounds to question the workings of our nation’s constitutionally provided for patent system” as applied to the IP CTS market.⁷⁵ To the contrary, the Commission’s objectives of promoting both innovation and quality-of-service competition would have been furthered if Sorenson had invested its resources into developing a new, and possibly improved, service that does not infringe Ultratec’s patents. This is how the competitive market and the patent system work together to incentivize innovation, not by requiring innovators to share rights in their inventions with their competitors.

C. Prospectively Requiring Ultratec to License Its IP CTS Technology Is Inconsistent with Commission Precedent

The Commission has a longstanding *de facto* policy of unilaterally imposing intellectual property licensing requirements only when there is a clear showing that: (i) the Commission has adopted a specific, formal technology standard, (ii) a patent holder’s intellectual property is a necessary component of the standard, and (iii) the patent holder has refused to license its patents pursuant to reasonable rates and terms. In the *Declaratory Ruling*, however, the Commission did not impose a specific technology standard for IP CTS but instead adopted a technology-neutral definition of IP CTS. In addition, even if the Commission had imposed a specific IP CTS technology standard and access to Ultratec’s proprietary technology was necessary to satisfy the hypothetical technology standard, Sorenson has failed to show—and cannot show—that Ultratec unreasonably has refused to license its technology. For these reasons, Commission precedent warrants against imposing on Ultratec a new, prospective licensing requirement that extends beyond Ultratec’s prior voluntary representation.

⁷⁵ *Id.* ¶ 56.

The limited instances in which the Commission has imposed an intellectual property licensing condition largely involve formal technology standards mandated by the Commission that rely on underlying proprietary technology. For example:

- In 1976, the Commission conditioned the standardization of certain plug and jack telephone equipment on the licensing of underlying patents that were held by AT&T's subsidiary Western Electric Company.⁷⁶
- In 1993, the Commission conditioned the selection of an AM broadcast standard owned by Motorola on Motorola's licensing of its underlying patents.⁷⁷
- In 1996, the Commission conditioned the adoption of a digital television standard on licensing of certain patents that are necessary components of the standard.⁷⁸

By contrast, the Commission did not impose a technology standard on IP CTS providers in the *Declaratory Ruling*, but instead, by its own words,⁷⁹ purposefully adopted a generic definition of IP CTS that is not tied to any particular proprietary technology. Accordingly, under Commission precedent, it would be inappropriate to prospectively impose on Ultratec a licensing requirement that extends beyond Ultratec's prior voluntary representation that it will continue to license its technology at reasonable rates. Ultratec never agreed to indiscriminately license its patents to all requesting entities, much less to entities that have a history of infringing Ultratec's patents such as Sorenson. There is no justification for imposing such a far-reaching and inequitable requirement here given the lack of a formal IP CTS technology standard.

⁷⁶ See *Revision of Part 68 of the Commission's Rules to Specify Standard Plugs and Jacks for the Connection of Telephone Equipment to the Nationwide Telephone Network*, Report and Order, 62 FCC 2d 735, ¶ 8 (1976).

⁷⁷ *Amendment of the Commission's Rules to Establish a Single AM Radio Stereophonic Transmitting Equipment Standard*, Report and Order, 8 FCC Rcd 8216, ¶ 29 (1993).

⁷⁸ *Advanced Television Systems and Their Impact Upon the Existing Television Broadcast Service*, Fourth Report and Order, 11 FCC Rcd 17771, ¶¶ 37-39 (1996).

⁷⁹ See *supra* Section III(A) herein.

Even if the Commission had acted as a standard-setting body in the IP CTS context (and it did not), Commission precedent nevertheless would weigh against unilaterally imposing licensing conditions absent clear evidence that Ultratec has refused to license its IP CTS technology pursuant to reasonable terms. This Commission policy traces back to 1961, when the Commission “strengthen[ed] its patent procedures ... to assure that the availability of ... equipment and ... apparatus meeting performance standards established by the Commission’s rules and regulations *will not be prejudiced by unreasonable royalty and licensing policies of patent holders.*”⁸⁰ The Commission has applied its longstanding patent policy repeatedly in the years since it was adopted to justify the Commission’s refusal to unilaterally impose patent licensing requirements. For example:

- In 1998, the Commission “recognized the possibility of existing patents” affecting the implementation of television ratings information, but found that the possibility did “not inherently conflict with the rules adopted in [the] proceeding *since no evidence ha[d] been presented of unreasonable royalty or licensing policies.*”⁸¹
- In 2007, the Commission found that iBiquity, the operator of the in-band, on-channel digital audio broadcasting system that the Commission’s rules required terrestrial broadcasters to use for digital radio broadcasts, had “abided by the Commission’s patent policy”—*i.e.*, “the required licensing agreements [were] reasonable and non-discriminatory”—and therefore the Commission declined to unilaterally impose a licensing requirement.⁸²
- In 2009, the Commission declined to adopt a licensing requirement related to the V-chip and instead stated that it would “continue to monitor marketplace developments

⁸⁰ *Amendment of Part 73 of the Commission’s Rules and Regulations (radio Broadcast Service) to Provide for Subscription Television Service*, Further Notice of Proposed Rulemaking and Notice of Inquiry, 3 FCC 2d 1, App. B (1966) (emphasis added).

⁸¹ *Technical Requirements to Enable Blocking of Video Programming Based on Program Ratings*, Report and Order, 13 FCC Rcd 11248, ¶ 42 (1998) (emphasis added).

⁸² *Digital Audio Broadcasting Systems and Their Impact on the Terrestrial Radio Broadcast Service*, Second Report and Order, First Order on Reconsideration, and Second Further Notice of Proposed Rulemaking, 22 FCC Rcd 10344, ¶ 101 (2007).

to determine whether *unreasonable royalty or licensing policies*” were impeding V-chip and ratings system efforts.”⁸³

Sorenson fails to demonstrate in its Petition that Ultratec has adopted unreasonable royalty or licensing policies. In fact, Sorenson has offered no evidence to suggest that the rates and terms under which Ultratec licenses its proprietary IP CTS technology to its existing market partners are unreasonable or that the licensing rates and terms offered by Ultratec to Sorenson were unreasonable. To the contrary, Ultratec’s history of licensing its proprietary IP CTS technology demonstrates that this is not the case. Sprint, Hamilton, and AT&T are all sophisticated companies fully capable of asserting their business interests, and none have complained to the Commission about Ultratec’s licensing practices. Consequently, even if Ultratec’s technology constituted a necessary component of a formal IP CTS technology standard (which they do not because no such standard was adopted by the Commission), it nevertheless would be inappropriate under the Commission’s patent policy for the Commission unilaterally to require Ultratec to indiscriminately license its technology.

D. The Commission Should Not Adopt a New IP CTS Licensing Requirement

As discussed above, pursuant to Commission precedent, the Commission only should consider imposing a new, prospective licensing requirement on Ultratec if all three of the following criteria are satisfied: (i) the Commission has adopted a specific, formal technology standard for the provision of IP CTS; (ii) access to Ultratec’s proprietary technology is required to enable IP CTS providers to comply with this standard; and (iii) it has been demonstrated that Ultratec has refused to license the technology under reasonable rates and terms. Sorenson has not and cannot demonstrate that any one of these criteria have been satisfied, much less all three,

⁸³ *Implementation of the Child Safe Viewing Act*, Report, 24 FCC Rcd 11413, ¶ 52 (2009) (emphasis added) (“*Child Safe Viewing Act Report*”).

because none are applicable in this context. Accordingly, the Commission should not consider imposing a new licensing condition on Ultratec.⁸⁴

However, even if despite this the Commission nevertheless determined that the public interest would be supported by the imposition of a new licensing requirement, which it should not, there are several additional hurdles that the FCC must address. Sorenson has provided no guidance in its Petition regarding these significant issues.

First, the Commission would have to decide which patents Ultratec is required to license. This would require the Commission to undertake a line-drawing exercise between the Ultratec patents that the Commission believes are necessary for the provision of IP CTS and those patents that Ultratec should maintain the right to license in its discretion. The latter category would include patents for proprietary technologies that, if ubiquitously licensed, would eliminate any ability for Ultratec to secure a competitive advantage from its extensive research and development efforts. Such an exercise necessarily would involve complex patent interpretation of the kind that the courts are well suited to undertake, but with which the Commission has little experience.⁸⁵

Second, the Commission would have to determine a fair and reasonable royalty for the mandatory licenses. It is not clear what standard the Commission would use to perform such a

⁸⁴ In addition, it is not clear what jurisdiction the Commission would cite to impose a licensing requirement on Ultratec, which is not a certified IP CTS provider. Ultratec initially represented to the Commission that it would continue to license its captioned telephone service technologies in the context of a declaratory ruling proceeding regarding the TRS Fund compensability of IP CTS. The FCC conditioned the *Declaratory Ruling* on Ultratec's compliance with its voluntary representation, and, as set forth herein, Ultratec has complied with the condition at all times. However, Ultratec has not voluntarily agreed to abrogate its patent rights beyond the representation initially offered by Ultratec.

⁸⁵ See, e.g., Opinion and Order at 21-49, *Ultratec, Inc., et al. v. Sorenson Comm'cns, Inc., et al.*, Case No. 13-cv-346-bbc (W.D. Wis. Aug. 28, 2014), ECF No. 351 (voluminous parsing by the Court of the scope of Ultratec's patents).

calculation, which is far afield from the FCC's core expertise. By contrast, the courts regularly undertake such royalty calculations, and Ultratec has already moved for the Court in the pending patent litigation to do so.⁸⁶

Third, the Commission would have to determine appropriate terms for the patent license, which, again, is outside of the Commission's core expertise. For example, a standard term of Ultratec's existing IP CTS licenses is that the licensees are required to agree to comply with all applicable TRS rules. If the Commission were to determine that this is a fair and reasonable licensing term, Ultratec believes that Sorenson would not be eligible for such a license due to its current noncompliance with the FCC's verbatim captioning requirement.⁸⁷

⁸⁶ See Brief in Support of Plaintiffs' Motion for a Limited Permanent Injunction and an On-Going Royalty at 51-57, *Ultratec, Inc., et al. v. Sorenson Comm'cns, Inc., et al.*, Case No. 13-cv-346-bbc (W.D. Wis. Dec. 8, 2014), ECF No. 774.

⁸⁷ See *Ex Parte* Letter from Phil Marchesiello, counsel to Ultratec, to Marlene H. Dortch, Secretary, FCC, CG Docket No. 03-123 (filed Dec. 23, 2014) (requesting the Commission to deny the application by Sorenson's sister company, CaptionCall, for an IP CTS certification due to the long standing failure of Sorenson and CaptionCall to comply with the Commission's mandatory minimum standard and statutory requirement that all IP CTS calls be captioned verbatim); see also *Sorenson Communications, Inc.*, Order, 28 FCC Rcd 7841 (EB 2013) (entering into a Consent Decree with Sorenson in which Sorenson agreed to pay \$11,510,000 to the U.S. Treasury and reimburse the TRS Fund \$4,240,000); *FCC Announces That Sorenson Communications, Inc. To Pay \$15.75 Million To Settle Investigation Into Improper Billing Of TRS Fund*, News Release, at 1 (EB rel. May 28, 2013) ("Sorenson Communications, Inc., an Internet-based Telecommunications Relay Service (TRS) provider, has agreed to pay \$15.75 million to settle an investigation by the FCC's Enforcement Bureau into whether the company billed the TRS Fund for calls made by unregistered, unverified, or ineligible individuals, and for calls that were made by or on behalf of the provider itself."); Letter to Marlene H. Dortch, Secretary, FCC, from John Goodman, Chief Legal Officer, Purple Communications, Inc., CG Docket Nos. 03-123 & 10-51 (April 25, 2013) (informal complaint regarding against Sorenson due to Sorenson's "Sorenson's practice of configuring its [VRS] and corresponding equipment to block consumers from leaving video mail messages through point-to-point calls using a competing service."); Purple Communications, Inc., Request for Immediate Public Notice: VRS Providers May Not Discriminate Against Consumers Using Competing Service Providers In Their Ability to Leave a Video Mail Message, CG Dockets No. 10-51 & 03-123, at 8-9 (filed April 11, 2013) ("This is not the first time that Sorenson has used its dominant position to engage in practices that violate the principles and requirements of Section 225 and Commission policies designed to protect VRS users. Instead, Sorenson has engaged in a series of anti-competitive

For these reasons, even if the FCC were to determine that it is appropriate to impose a new fair and reasonable licensing condition on Ultratec, which it should not, the FCC most likely would have to ultimately rely on the courts to flesh out the specific terms of any such license⁸⁸ because such an undertaking is outside of the FCC’s core expertise. Ultratec has asked the Court to determine what license fee Sorenson should be required to pay Ultratec for Sorenson’s continued willful infringement of Ultratec’s patents post-trial. Moreover, determining the scope of any such license is likely to be a time consuming and resource-intensive endeavor, which may amount to a waste of Commission and judicial resources in light of the fact that the patents subject to Ultratec’s injunction motion will expire by their own terms within less than three years.

In addition, as Sorenson explains in its Petition, the patent litigation is far from complete. The Court has yet to rule on Ultratec’s motion for a limited injunction and has not yet determined what on-going royalty Sorenson should pay Ultratec for its ongoing willful infringement of Ultratec’s patents post-trial. In addition, Sorenson has filed a number of post-trial motions seeking the Court to overrule the jury and/or provide Sorenson with a new trial, and

actions—threatening equipment removal and unauthorized porting, delaying action on deployment of bug fixes, instituting non-compete clauses for interpreters, removing of address books as a porting disincentive, using intercept messages with thinly veiled threats of degraded service on calls made through other providers, and failing to properly pass through Caller ID information to non-Sorenson users—all of which have been designed to keep its customers locked in as a way protect its dominance. This type of behavior has been an ongoing pattern.”) (internal citations omitted); Purple Communications, Inc., Request for Cease and Desist Order or Other Enforcement Action to Compel Sorenson Communications, Inc. Compliance With the Interoperability Order, CG Docket No. 03-123, WC Docket No. 05-196 (filed June 12, 2009) (requesting the FCC “to issue a cease and desist order to compel [Sorenson] to comply with Title IV of the [ADA] as interpreted by the Commission’s interoperability decision and other FCC rules, and to take other appropriate enforcement action that will force Sorenson to come into compliance with these rules”) (internal citations omitted).

⁸⁸ Specifically, if the FCC were to impose a licensing requirement on Ultratec without adopting specific parameters of the requisite license, then a potential licensee that believes that Ultratec has failed to offer fair and reasonable license terms would have to seek judicial recourse.

the Court has yet to rule on these motions. Further, any such rulings will inevitably be appealed to the U.S. Court of Appeal for the Federal Circuit (“Federal Circuit Court”).⁸⁹ Moreover, the parties have two other federal patent lawsuits pending. Trial is set to begin on September 28, 2015 in the second lawsuit, and the Court has yet to even set a trial date for the third action. Finally, the parties are engaged in related disputes before the United States Patent Office.⁹⁰

It makes little sense for the Commission to expend more of its scarce resources on this matter at this time given the ongoing litigation. At most, consistent with Commission precedent, the Commission should continue to monitor the Court proceeding and the related administrative proceedings before the Patent Trial and Appeal Board.⁹¹ However, as explained above, even this is unnecessary because Sorenson fundamentally has failed to provide any compelling justification or rationale for the Commission’s imposition of a license requirement on Ultratec in the first instance.

VI. CONCLUSION

For the reasons set forth herein, the Commission should deny Sorenson’s Petition. Sorenson has provided no credible justification for the Commission to revisit and modify the

⁸⁹ Petition, at 9 (stating that Sorenson “plans to appeal” the Court’s finding that Sorenson infringes Ultratec’s patents.)

⁹⁰ Utilizing a new procedure available in the United States Patent Office—*inter partes* review (“IPR”)—Sorenson initiated parallel proceedings seeking to invalidate all of the patents Sorenson has been found to infringe. *See CaptionCall v. Ultratec, Inc.*, IPR2013-00540, IPR2013-00541, IPR2013-00542, IPR2013-00543, IPR2013-00544, IPR2013-00545, IPR2013-00549, IPR2013-00550, & IPR2014-00780 (U.S. Patent Trial and Appeal Board). All but one of these IPR proceedings is expected to result in a written decision from the Patent Trial and Appeal Board (“PTAB”) in March 2015. *See* 35 U.S.C. § 316(a)(11). However, regardless of the outcome of those proceedings, the parties expect that one side or the other will appeal one or more of the PTAB’s decisions to the Federal Circuit Court.

⁹¹ *See, e.g., Child Safe Viewing Act Report* ¶ 52 (holding that the Commission will “continue to monitor marketplace developments to determine whether *unreasonable royalty or licensing policies*” were impeding compliance with Commission requirements).

licensing condition set forth eight years ago in the Commission's *Declaratory Ruling*, and Ultratec consistently has complied with its 2006 representation to the Commission. In addition, because the Commission adopted a technology-neutral definition of IP CTS, Sorenson is unable to show that providers need access to Ultratec's technology to compete in the IP CTS market. As a result, the Commission should not require Ultratec to indiscriminately share the fruits of its research and development efforts with its competitors by unilaterally imposing a new and prospective licensing requirement on Ultratec. Such a license requirement would be fundamentally contrary to the Commission's objective of encouraging innovation by TRS providers and is inconsistent with the objectives of the U.S. patent system. Sorenson made a business decision to develop an IP CTS offering that infringes Ultratec's patents, and the Commission should not intervene to protect Sorenson from the consequences of that decision.

Respectfully submitted,

ULTRATEC, INC. AND CAPTEL, INC.

By: /s/ Kristin Graham Noel
Kristin Graham Noel
Anthony A. Tomaselli
Quarles & Brady LLP
33 East Main Street
Suite 900
Madison, WI 53703
(608) 251-5000

Its Attorneys

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